

State of South Dakota

SEVENTY-NINTH SESSION
LEGISLATIVE ASSEMBLY, 2004

400J0442

SENATE BILL NO. 39

Introduced by: The Committee on Commerce at the request of the Department of Revenue
and Regulation

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding principal and home
2 office credits against the insurance premium tax.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 10-44-4 be amended to read as follows:

5 10-44-4. Any insurer subject to payment of tax provided for in § 10-44-2, and which has in
6 this state its principal office, or a regional home office as defined in § 10-44-5, for over one-half
7 the tax year ~~shall be~~ is entitled to the following credits and deductions against such tax:

8 (1) An amount equal to fifty percent of the tax as determined under § 10-44-2; and

9 (2) An amount equal to ad valorem taxes or payments made in lieu of taxes paid by such
10 insurer, whether direct or in the form of rent, on that proportion of the premises
11 occupied as a principal or regional home office during the year next preceding the
12 filing of its annual tax return;

13 ~~provided, however, that~~ However, in no event shall such credits and deductions reduce the
14 amount of tax to less than thirty percent of the amount of the tax otherwise payable without the
15 application of the credit ~~herein provided for~~ provided by this section. Any insurer who qualifies



1 for a credit pursuant to this section shall meet the requirements provided for in § 58-5-93.

2 Section 2. That § 10-44-5 be amended to read as follows:

3 10-44-5. A regional home office, for the purposes of § 10-44-4, ~~shall mean~~ means an office
4 performing, for an area covering ~~two~~ one or more states, the following functions: the ~~selling~~
5 marketing, claims, underwriting, issuing, and servicing of insurance and policyholder servicing.

6 A regional home office may also perform the following functions: actuarial; medical (where
7 required); law; ~~approval or rejection of applications for insurance and issuance of policies~~
8 ~~thereon; approval of payment of all types of claims; maintenance of records to provide~~
9 ~~policyholder information and service;~~ advertising and publications; public relations; and
10 supervision and training of sales and service forces. A principal office shall perform the same
11 functions in addition to decision making and corporate activities. The director may promulgate
12 rules pursuant to chapter 1-26 to define the functions that qualify for the regional home office
13 credit.